



Notice To Property Owners Of Public Hearing On Proposed Increase In Sewer Service Charges

Tuesday, September 5, 2006

6:30 p.m.

City Hall, 375 Fifth Street, Hollister, CA 95023

Purpose of Rate Increase

The purpose of the proposed rate increase is to fund the construction of a new wastewater treatment facility with sufficient capacity to serve the population growth projected by the recently adopted General Plan. The facility will comply with strict new regulatory standards imposed by the Regional Water Quality Control Board. The current facility treats wastewater to an advanced primary state. The planned facility will be capable of treating wastewater to the much higher level of advanced tertiary. This means that treated water leaving the facility may be used directly as recycled water. The entire project will consist of treatment, storage, and disposal, at an estimated total cost of \$120 million.

Summary of Rates

The City of Hollister has completed a Wastewater Rate Analysis Study (July 2006) ("the Study"). The Study identifies a rate schedule necessary to meet the city's financial obligations associated with construction of the proposed wastewater treatment facility. A copy of the Study is available for public review in the Office of the City Clerk, City Hall, 375 Fifth Street, Hollister.

The new wastewater facility will be financed through the issuance of bonds. The proposed rate structure is based upon the amount required to obtain bond financing. The proposed rates, set forth in Table 1, were determined by calculating revenue requirements and allocating costs to various customer classes based on wastewater flow and strength generated by current customers. The rates reflect the amount necessary to cover operating expenses, debt service, and a four month operating reserve. As a requirement to the issuance of bonds, the proposed rates are based upon the very conservative assumption that there will be no future growth occurring in the City.

In addition to the conservative "no growth" model upon which the proposed rates are based, the Study also evaluates the scenario that growth will occur in the City at an annual rate of 2.6%, which is consistent with General Plan projections. As new development occurs in the city, new customers will be required to pay their fair share of the cost of the facility through connection fees and monthly rates. This will in turn reduce the rates to be paid by current customers, as estimated in Table 2. Impact fees imposed on new development in the city for wastewater treatment will be calculated to guarantee that new construction pays its fair share of the costs associated with the new wastewater treatment plant.

You Can Be Heard. Proposition 218 allows customers to respond to proposed rate increases. If you object to the proposed increase in the monthly service charges described in this notice, you may file a written protest with the city clerk at or before the time set for the public hearing. Protests must be received in writing prior to the close of the public hearing to be considered. A valid protest must contain a description of the property (address and or Assessor Parcel Number) that is sufficient to identify the property, and identify the owner(s) of the property or properties for which the protest is entered. The protest must be signed by the property owner. If the person(s) signing was/were not shown on the last equalized assessment roll of San Benito County as owner(s) of the property, written evidence must be submitted that the person(s) signing is/are the owner(s) of the property.

**Protests can be mailed or personally delivered to:
City Clerk, City of Hollister, 375 Fifth Street, Hollister, CA 95023
DO NOT SEND PROTESTS BY E-MAIL**

If a majority of the affected property owners file written protests, the proposed rate changes will not be imposed. If you have any questions regarding this notice, please call the City Clerk's Office at (831) 636-4304 between 8 a.m. and 5 p.m., Monday through Friday.

TABLE 1

Proposed Wastewater Rates						
Monthly Service Charge						
Customer Class	Current Rate	FY 06/07	FY 07/08	FY 08/09	FY9/10	FY 10/11
Single Family Residential	\$31.30	\$46.33	\$64.86	\$90.15	\$124.40	\$124.40
Multi-Family Residential	\$27.29	\$40.38	\$56.54	\$78.59	\$108.45	\$108.45
Mobile Homes	\$19.15	\$28.34	\$39.67	\$55.14	\$76.09	\$76.09
Commercial/Industrial (Low Strength)	\$14.73	\$21.80	\$30.52	\$42.43	\$58.55	\$58.55
Commercial/Industrial (Mod. Strength)	\$27.36	\$40.50	\$56.69	\$78.80	\$108.75	\$108.75
Industrial (High Strength)	\$106.44	\$157.53	\$220.54	\$306.54	\$423.03	\$423.03
Elementary & Middle Sch. (per Pupil)	\$1.14	\$1.69	\$2.36	\$3.29	\$4.53	\$4.53
High Schools (per Pupil)	\$1.14	\$1.69	\$2.36	\$3.29	\$4.53	\$4.53
Quantity Charge per Hundred Cubic Feet (HCF)						
Customer Class	Current Rate	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11
Commercial/Industrial (Low Strength)	\$1.37	\$2.02	\$2.83	\$3.93	\$5.43	\$5.43
Commercial/Industrial (Mod. Strength)	\$1.64	\$2.43	\$3.40	\$4.73	\$6.52	\$6.52
Industrial (High Strength)	\$3.05	\$4.51	\$6.31	\$8.77	\$12.10	\$12.10
Source: City of Hollister, Munifinancial						

NOTE: The rates in Table 1 are maximum rates and assume no development occurs in the City.

TABLE 2

Potentially Implemented Wastewater Rates						
Monthly Service Charge						
Customer Class	Current Rate	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11
Single Family Residential	\$31.30	\$46.33	\$64.86	\$68.10	\$71.50	\$71.50
Multi-Family Residential	\$27.29	\$40.38	\$56.54	\$59.36	\$62.33	\$62.33
Mobile Homes	\$19.15	\$28.34	\$39.67	\$41.65	\$43.74	\$43.74
Commercial/Industrial (Low Strength)	\$14.73	\$21.80	\$30.52	\$32.05	\$33.65	\$33.65
Commercial/Industrial (Moderate Strength)	\$27.36	\$40.50	\$56.69	\$59.53	\$62.50	\$62.50
Industrial (High Strength)	\$106.44	\$157.53	\$220.54	\$231.56	\$243.14	\$243.14
Elementary & Middle Schools (per Pupil)	\$1.14	\$1.69	\$2.36	\$2.48	\$2.61	\$2.61
High Schools (per Pupil)	\$1.14	\$1.69	\$2.36	\$2.48	\$2.61	\$2.61
Quantity Charge per Hundred Cubic Feet (HCF)						
Customer Class	Current Rate	FY 06/07	FY 07/08	FY 08/09	FY 09/10	FY 10/11
Commercial/Industrial (Low Strength)	\$1.37	\$2.02	\$2.83	\$2.97	\$3.12	\$3.12
Commercial/Industrial (Moderate Strength)	\$1.64	\$2.43	\$3.40	\$3.57	\$3.75	\$3.75
Industrial (High Strength)	\$3.05	\$4.51	\$6.31	\$6.63	\$6.96	\$6.96
Source: City of Hollister, Munifinancial						

NOTE: The rates in Table 2 are not proposed for adoption. They are estimated rates based on the assumption that growth will occur in accordance with the city's General Plan projections. Revenues from future development will be used to reduce the rates shown in Table 1.